

**2017 -- H 5646 SUBSTITUTE A**

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**STATE OF RHODE ISLAND**

**IN GENERAL ASSEMBLY**

**JANUARY SESSION, A.D. 2017**

A N A C T

RELATING TO CORPORATIONS, ASSOCIATIONS, AND PARTNERSHIPS

Introduced By: Representatives Marszalkowski, McLaughlin, and Quattrocchi

Date Introduced: March 01, 2017

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 7-1.2-1003, 7-1.2-1008, 7-1.2-1301, 7-1.2-1309, 7-1.2-1310, 7-  
2 1.2-1413 and 7-1.2-1414 of the General Laws in Chapter 7-1.2 entitled "Rhode Island Business  
3 Corporation Act" are hereby amended to read as follows:

4 **7-1.2-1003. Articles of merger.**

5 (a) Upon approval, articles of merger must be executed by each corporation by its  
6 authorized representative and must state:

7 (1) The plan of merger.

8 (2) If, pursuant to § 7-1.2-1005, the merger is to become effective at a time subsequent to  
9 the issuance of the certificate of merger by the secretary of state, the date when the merger is to  
10 become effective.

11 (b) The original articles of merger must be delivered to the secretary of state. If the  
12 secretary of state finds that the articles conform to law, and, ~~unless the surviving corporation is a~~  
13 ~~Rhode Island corporation, that~~ all fees and taxes have been paid, ~~as evidenced by an appropriate~~  
14 ~~certificate of good standing issued by the Rhode Island division of taxation,~~ the secretary of state  
15 shall:

16 (1) Endorse on the original the word "Filed," and the month, day, and year of the filing;

17 (2) File the original in his or her office; and

18 (3) Issue a certificate of merger.

19 (c) The secretary of state shall deliver the certificate of merger to the surviving or new

1 corporation, as the case may be, or its representative.

2 **7-1.2-1008. Conversion of a domestic corporation to other entities.**

3 (a) A corporation of this state may, upon the authorization of such conversion in  
4 accordance with this section, convert to a limited liability company, business trust or association,  
5 real estate investment trust, common-law trust, or any other unincorporated business or entity,  
6 including a partnership (whether general or limited, including a registered limited liability  
7 partnership) or a foreign corporation.

8 (b) The board of directors of the corporation that desires to convert under this section  
9 shall adopt a resolution approving such conversion, specifying the type of entity into which the  
10 corporation shall be converted and recommending the approval of such conversion by the  
11 stockholders of the corporation. Such resolution shall be submitted to the stockholders of the  
12 corporation at an annual or special meeting. Due notice of the time and purpose of the meeting  
13 shall be mailed to each holder of stock, whether voting or nonvoting, of the corporation at the  
14 address of the stockholder, as it appears on the records of the corporation, at least twenty (20)  
15 days prior to the date of the meeting. At the meeting, the resolution shall be considered and a vote  
16 taken for its adoption or rejection. If all outstanding shares of stock of the corporation, whether  
17 voting or nonvoting, shall be voted for the adoption of the resolution, the conversion shall be  
18 authorized.

19 (c) If a corporation shall convert in accordance with this section to another entity  
20 organized, formed, or created under the laws of a jurisdiction other than the state of Rhode Island  
21 or to a Rhode Island unincorporated "other entity", upon payment of all fees and taxes by the  
22 corporation, ~~as evidenced by an appropriate certificate of good standing issued by the Rhode~~  
23 ~~Island division of taxation,~~ the corporation shall file with the secretary of state a certificate of  
24 conversion to non-Rhode Island entity, executed in accordance with § 7-1.2-105, that certifies:

25 (1) The name of the corporation, and if it has been changed, the name under which it was  
26 originally incorporated;

27 (2) The date of filing of its original articles of incorporation with the secretary of state;

28 (3) The name and jurisdiction of the entity and type of entity to which the corporation  
29 shall be converted;

30 (4) That the conversion has been approved in accordance with the provisions of this  
31 section;

32 (5) The agreement of the corporation that it may be served with process in the state of  
33 Rhode Island in any action, suit, or proceeding for enforcement of any obligation of the  
34 corporation arising while it was a corporation of this state, and that it irrevocably appoints the

1 secretary of state as its agent to accept service of process in any such action, suit, or proceeding;  
2 and

3 (6) The address to which a copy of the process referred to in subsection (c)(5) of this  
4 section shall be mailed to it by the secretary of state. In the event of such service upon the  
5 secretary of state in accordance with subsection (c)(5) of this section, the secretary of state shall  
6 forthwith notify such corporation that has converted out of the state of Rhode Island by letter,  
7 certified mail, return receipt requested, directed to such corporation that has converted out of the  
8 state of Rhode Island at the address so specified, unless such corporation shall have designated in  
9 writing to the secretary of state a different address for such purpose, in which case it shall be  
10 mailed to the last address designated. Such letter shall enclose a copy of the process and any other  
11 papers served on the secretary of state pursuant to this subsection. It shall be the duty of the  
12 plaintiff in the event of such service to serve process and any other papers in duplicate; to notify  
13 the secretary of state that service is being affected pursuant to this subsection; and to pay the  
14 secretary of state the sum of fifteen dollars (\$15.00) for the use of the state, which sum shall be  
15 taxed as part of the costs in the proceeding, if the plaintiff shall prevail therein. The secretary of  
16 state shall maintain an alphabetical record of any such service setting forth the name of the  
17 plaintiff and the defendant; the title, docket number and nature of the proceeding in which process  
18 has been served; the fact that service has been effected pursuant to this subsection; the return date  
19 thereof; and the day and hour service was made. The secretary of state shall not be required to  
20 retain such information longer than five (5) years from receipt of the service of process.

21 (d) Upon the filing in the office of the secretary of state of a certificate of conversion to  
22 non-Rhode Island entity in accordance with subsection (c) of this section, or upon the future  
23 effective date or time of the certificate of conversion to non-Rhode Island entity and payment to  
24 the secretary of state of all fees prescribed under this title, the secretary of state shall certify that  
25 the corporation has filed all documents and paid all fees required by this title, and thereupon the  
26 corporation shall cease to exist as a corporation of this state at the time the certificate of  
27 conversion becomes effective in accordance with § 7-1.2-105. Such certificate of the secretary of  
28 state shall be prima facie evidence of the conversion by such corporation out of the state of Rhode  
29 Island.

30 (e) The conversion of a corporation out of the state of Rhode Island in accordance with  
31 this section and the resulting cessation of its existence as a corporation of this state pursuant to a  
32 certificate of conversion to non-Rhode Island entity shall not be deemed to affect any obligations  
33 or liabilities of the corporation incurred prior to such conversion or the personal liability of any  
34 person incurred prior to such conversion, nor shall it be deemed to affect the choice of law

1 applicable to the corporation with respect to matters arising prior to such conversion.

2 (f) Unless otherwise provided in a resolution of conversion adopted in accordance with  
3 this section, the converting corporation shall not be required to wind up its affairs or pay its  
4 liabilities and distribute its assets, and the conversion shall not constitute a dissolution of such  
5 corporation.

6 (g) In connection with a conversion of a domestic corporation to another entity pursuant  
7 to this section, shares of stock of the corporation of this state that is to be converted may be  
8 exchanged for or converted into cash, property, rights or securities of, or interests in, the entity to  
9 which the corporation of this state is being converted or, in addition to or in lieu thereof, may be  
10 exchanged for or converted into cash, property, shares of stock, rights or securities of, or interests  
11 in, another domestic corporation or other entity or may be cancelled.

12 (h) When a corporation has been converted to another entity or business form pursuant to  
13 this section, the other entity or business form shall, for all purposes of the laws of the state of  
14 Rhode Island, be deemed to be the same entity as the corporation. When any conversion shall  
15 have become effective under this section, for all purposes of the laws of the state of Rhode Island,  
16 all of the rights, privileges and powers of the corporation that has converted, and all property,  
17 real, personal and mixed, and all debts due to such corporation, as well as all other things and  
18 causes of action belonging to such corporation, shall remain vested in the other entity or business  
19 form to which such corporation has converted and shall be the property of such other entity or  
20 business form, and the title to any real property vested by deed or otherwise in such corporation  
21 shall not revert to such corporation or be in any way impaired by reason of this chapter; but all  
22 rights of creditors and all liens upon any property of such corporation shall be preserved  
23 unimpaired, and all debts, liabilities and duties of the corporation that has converted shall remain  
24 attached to the other entity or business form to which such corporation has converted, and may be  
25 enforced against it to the same extent as if said debts, liabilities and duties had originally been  
26 incurred or contracted by it in its capacity as such other entity or business form. The rights,  
27 privileges, powers and interest in property of the corporation that has converted, as well as the  
28 debts, liabilities and duties of such corporation, shall not be deemed, as a consequence of the  
29 conversion, to have been transferred to the other entity or business form to which such  
30 corporation has converted for any purposes of the laws of the state of Rhode Island.

31 (i) No vote of stockholders of a corporation shall be necessary to authorize a conversion  
32 if no shares of the stock of such corporation shall have been issued prior to the adopting by the  
33 board of directors of the resolution approving the conversion.

34 **7-1.2-1301. Voluntary dissolution by incorporators.**

1 (a) A corporation which has not commenced business and which has not issued any  
2 shares, may be voluntarily dissolved by its incorporators at any time in the following manner:

3 (1) Articles of dissolution are executed by a majority of the incorporators, and verified by  
4 them, and state:

5 (i) The name of the corporation.

6 (ii) The date of issuance of its certificate of incorporation.

7 (iii) That none of its shares have been issued.

8 (iv) That the corporation has not commenced business.

9 (v) That the amount, if any, actually paid in on subscriptions for its shares, less any part  
10 of the amount disbursed for necessary expenses, has been returned to those entitled to it.

11 (vi) That no debts of the corporation remain unpaid.

12 (vii) That a majority of the incorporators elect that the corporation be dissolved.

13 (2) The original articles of dissolution are delivered to the secretary of state. If the  
14 secretary of state finds that the articles of dissolution conform to law, the secretary of state shall,  
15 when all fees and taxes have been paid, ~~as evidenced by an appropriate certificate of good  
16 standing issued by the Rhode Island division of taxation:~~

17 (i) Endorse on the original the word "Filed," and the month, day, and year of the filing.

18 (ii) File the original in his or her office.

19 (iii) Issue a certificate of dissolution.

20 (3) If the corporation is dissolved prior to the effective date stated on the articles of  
21 incorporation, no taxes shall be due.

22 (b) The certificate of dissolution is delivered to the incorporators or their representative.  
23 Upon the issuance of the certificate of dissolution by the secretary of state, the existence of the  
24 corporation ceases.

25 **7-1.2-1309. Filing of articles of dissolution.**

26 (a) The articles of dissolution are delivered to the secretary of state. If the secretary of  
27 state finds that the articles of dissolution conform to law, the secretary of state shall, when all fees  
28 and taxes have been paid, ~~as evidenced by an appropriate certificate of good standing issued by  
29 the Rhode Island division of taxation:~~

30 (1) Endorse on the original the word "Filed," and the month, day, and year of the filing.

31 (2) File the original in his or her office.

32 (3) Issue a certificate of dissolution.

33 (b) The certificate of dissolution is delivered to the representative of the dissolved  
34 corporation. Upon the issuance of the certificate of dissolution the existence of the corporation

1 ceases, except for the purpose of suits, other proceedings, and appropriate corporate action by  
2 shareholders, directors, and officers as provided in this chapter.

3 **7-1.2-1310. Revocation of articles of incorporation.**

4 (a) The articles of incorporation of a corporation may be revoked by the secretary of state  
5 upon the conditions prescribed in this section when it is established that:

6 (1) The corporation procured its articles of incorporation through fraud; or

7 (2) The corporation has continued to exceed or abuse the authority conferred upon it by  
8 law; or

9 (3) The corporation has failed to file its annual report within the time required by this  
10 chapter, or has failed to pay any required fees to the secretary of state when they have become  
11 due and payable, or the secretary of state has received notice from the division of taxation, in  
12 accordance with §44-11-26.1, that the corporation has failed to pay ~~any corporate taxes fees,~~  
13 ~~when they have become due and payable;~~ or

14 (4) The corporation has failed for thirty (30) days to appoint and maintain a registered  
15 agent in this state as required by this chapter; or

16 (5) The corporation has failed, after change of its registered office or registered agent, to  
17 file in the office of the secretary of state a statement of the change as required by this chapter; or

18 (6) The corporation has failed to file in the office of the secretary of state any amendment  
19 to its articles of incorporation or any articles of merger within the time prescribed by this chapter;  
20 or

21 (7) A misrepresentation has been made of any material matter in any application, report,  
22 affidavit, or other document submitted by the corporation pursuant to this chapter.

23 (b) No articles of incorporation of a corporation may be revoked by the secretary of state  
24 unless:

25 (1) The secretary of state gives the corporation notice thereof not less than sixty (60) days  
26 ~~notice thereof prior to such revocation~~ by regular mail addressed to the registered office of the  
27 corporation in this state on file with the secretary of state's office, which notice shall specify the  
28 basis for the revocation; provided, however, that if a prior mailing addressed to the registered  
29 office of the corporation in this state currently on file with the secretary of state's office has been  
30 returned ~~to the secretary of state~~ as undeliverable by the United States Postal Service for any  
31 reason, or if the revocation notice is returned as undeliverable ~~to the secretary of state's office~~ by  
32 the United States Postal Service for any reason, the secretary of state gives notice as follows:

33 (i) To the corporation at its principal office of record as shown in its most recent annual  
34 report, and no further notice is required; or

1 (ii) In the case of a domestic corporation which has not yet filed an annual report, then to  
2 any one of the incorporators listed on the articles of incorporation, and no further notice is  
3 required; and

4 (2) The corporation fails prior to revocation to file the annual report or pay the fees, or  
5 file the required statement of change of registered agent or registered office, or file the articles of  
6 amendment or articles of merger, or correct the misrepresentation.

7 **7-1.2-1413. Filing of application for withdrawal.**

8 (a) An original application for withdrawal must be delivered to the secretary of state. If  
9 the secretary of state finds that the application conforms to the provisions of this chapter, the  
10 secretary of state shall, when all fees and taxes have been paid, ~~as evidenced by an appropriate~~  
11 ~~certificate of good standing issued by the Rhode Island division of taxation:~~

12 (1) Endorse on the original the word "Filed," and the month, day, and year of the filing.

13 (2) File the original in his or her office.

14 (3) Issue a certificate of withdrawal.

15 (b) The secretary of state shall deliver the certificate of withdrawal to the corporation or  
16 its representative. Upon the issuance of the certificate of withdrawal, the authority of the  
17 corporation to transact business in this state ceases.

18 **7-1.2-1414. Revocation of certificate of authority.**

19 (a) The certificate of authority of a foreign corporation to transact business in this state  
20 may be revoked by the secretary of state under the conditions prescribed in this section when:

21 (1) The corporation fails to file its annual report within the time required by this chapter,  
22 or ~~fails~~ has failed to pay any required fees to the secretary of state when they have become due  
23 and payable, or the secretary of state has received notice from the division of taxation, in  
24 accordance with §44-11-26.1, that the corporation has failed to pay ~~any corporate taxes fees,~~  
25 ~~when they become due and payable;~~ or

26 (2) The corporation fails to appoint and maintain a registered agent in this state as  
27 required by this chapter; or

28 (3) The corporation fails, after changing its registered office or registered agent, to file in  
29 the office of the secretary of state a statement of the change as required by this chapter; or

30 (4) The corporation fails to file in the office of the secretary of state any amendment to its  
31 articles of incorporation or any articles of merger within the time prescribed by this chapter; or

32 (5) A misrepresentation has been made of any material matter in any application, report,  
33 affidavit, or other document submitted by the corporation pursuant to this chapter.

34 (b) No certificate of authority of a foreign corporation may be revoked by the secretary of

1 state unless the secretary of state has given the corporation notice thereof not less than sixty (60)  
2 days ~~notice thereof~~ prior to such revocation, by regular mail addressed to the registered agent of  
3 the corporation in this state on file with the secretary of state's office, which notice shall specify  
4 the basis for the revocation; provided, however, that if a prior mailing addressed to the registered  
5 office of the corporation in this state currently on file with the secretary of state's office has been  
6 returned ~~to the secretary of state~~ as undeliverable by the United States Postal Service for any  
7 reason, or if the revocation notice is returned as undeliverable ~~to the secretary of state's office~~ by  
8 the United States Postal Service for any reason, the secretary of state shall give notice as follows:

9 (1) To the corporation at its principal office of record as shown in its most recent annual  
10 report, and no further notice is required; or

11 (2) In the case of a foreign corporation which has not yet filed an annual report, then to  
12 the corporation at its principal office shown in its application for certificate of authority, and no  
13 further notice is required.

14 SECTION 2. Sections 7-16-5.2, 7-16-8 and 7-16-41 of the General Laws in Chapter 7-16  
15 entitled "The Rhode Island Limited Liability Company Act" are hereby amended to read as  
16 follows:

17 **7-16-5.2. Approval of conversion of a limited liability company.**

18 (a) A domestic limited liability company may convert to a corporation, a business trust,  
19 or association, a real estate investment trust, a common law trust, a sole proprietorship, or any  
20 other unincorporated business or entity including a partnership, (whether general or limited,  
21 including a registered limited liability partnership), or a foreign limited liability company upon  
22 the authorization of the conversion in accordance with this section.

23 (b) If the limited liability company agreement specified the manner of authorizing a  
24 conversion of the limited liability company, the conversion shall be authorized as specified in the  
25 limited liability company agreement. If the limited liability company agreement does not specify  
26 the manner of authorizing a conversion of the limited liability company and does not prohibit a  
27 conversion of the limited liability company, the conversion shall be authorized in the same  
28 manner as is specified in the limited liability company agreement for authorizing a merger or  
29 consolidation that involves the limited liability company as a constituent party to the merger or  
30 consolidation. If the limited liability company agreement does not specify the manner of  
31 authorizing a conversion of the limited liability company or a merger or consolidate that involves  
32 the limited liability company as a constituent party and does not prohibit a conversion of the  
33 limited liability company, the conversion shall be authorized by the approval by the members or,  
34 if there is more than one class or group of members, then by each class or group of members, in

1 either case, by members who own more than fifty percent (50%) of the then-current percentage or  
2 other interest in the profits of the domestic limited liability company owned by all of the members  
3 or by the members in each class or group, as appropriate.

4 (c) Unless otherwise agreed, the conversion of a domestic limited liability company to  
5 another entity or business form pursuant to this section shall not require such limited liability  
6 company to wind up its affairs under § 7-16-45 or pay its liabilities and distribute its assets under  
7 § 7-16-46, and the conversion shall not constitute a dissolution of such limited liability company.  
8 When a limited liability company has converted to another entity or business form pursuant to  
9 this section, for all purposes of the laws of the state of Rhode Island, the other entity or business  
10 form shall be deemed to be the same entity as the converting limited liability company and  
11 conversion shall constitute a continuation of the existence of the limited liability company in the  
12 form of such other entity or business form.

13 (d) In connection with a conversion of a domestic limited liability company to another  
14 entity or business form pursuant to this section, rights or securities of or interests in the domestic  
15 limited liability company that is to be converted may be exchanged for or converted into cash,  
16 property, rights or securities of or interests in the entity or business form into which the domestic  
17 limited liability company is being converted or, in addition to or in lieu thereof, may be  
18 exchanged for or converted into cash, property, rights or securities of or interests in another entity  
19 or business form or may be cancelled.

20 (e) If a limited liability company shall convert in accordance with this section to another  
21 entity or business form organized, formed, or created under the laws of a jurisdiction other than  
22 the state of Rhode Island or to a Rhode Island unincorporated "other entity", a certificate of  
23 conversion to non-Rhode Island entity shall be filed in the office of the secretary of state. The  
24 certificate of conversion to non-Rhode Island entity shall state:

25 (1) The name of the limited liability company and, if it has been changed, the name under  
26 which its certificate of formation was originally filed;

27 (2) The date of filing of its original certificate of formation with the secretary of state;

28 (3) The jurisdiction in which the entity or business form, to which the limited liability  
29 company shall be converted, is organized, formed, or created, and the name and type of such  
30 entity or business form;

31 (4) The future effective date or time (which shall be a date or time certain) of the  
32 conversion if it is not to be effective upon the filing of the certificate of conversion to non-Rhode  
33 Island entity;

34 (5) That the conversion has been approved in accordance with this section;

1 (6) The agreement of the limited liability company that it may be served with process in  
2 the state of Rhode Island in any action, suit, or proceeding for enforcement of any obligation to  
3 the limited liability company arising while it was a limited liability company of the state of Rhode  
4 Island, and that it irrevocably appoints the secretary of state as its agent to accept service of  
5 process in any such action, suit, or proceeding;

6 (f) Upon the filing in the office of the secretary of state of the certificate of conversion to  
7 non-Rhode Island entity or upon the future effective date or time of the certificate of conversion  
8 to non-Rhode Island entity and upon payment of all fees due by the limited liability company, ~~as~~  
9 ~~evidenced by an appropriate certificate of good standing issued by the Rhode Island division of~~  
10 ~~taxation~~, the secretary of state shall certify that the limited liability company has filed all  
11 documents and paid all fees required by this chapter, and thereupon the limited liability company  
12 shall cease to exist as a limited liability company of the state of Rhode Island. Such certificate of  
13 the secretary of state shall be prima facie evidence of the conversion by such limited liability  
14 company out of the state of Rhode Island.

15 (g) The conversion of a limited liability company out of the state of Rhode Island in  
16 accordance with this section and the resulting cessation of its existence as a limited liability  
17 company of the state of Rhode Island pursuant to a certificate of conversion to non-Rhode Island  
18 entity shall not be deemed to affect any obligations or liabilities of the limited liability company  
19 incurred prior to such conversion or the personal liability of any person incurred prior to such  
20 conversion, nor shall it be deemed to affect the choice of laws applicable to the limited liability  
21 company with respect to matters arising prior to such conversion.

22 (h) When a limited liability company has been converted to another entity or business  
23 form pursuant to this section, the other entity or business form shall, for all purposes of the laws  
24 of the state of Rhode Island, be deemed to be the same entity as the limited liability company.  
25 When any conversion shall have become effective under this section, for all purposes of the laws  
26 of the state of Rhode Island, all of the rights, privileges, and powers of the limited liability  
27 company that has converted, and all property, real, personal, and mixed, and all such debts due to  
28 such limited liability company, as well as all other things and causes of action belonging to such  
29 limited liability company, shall remain vested in the other entity or business form to which such  
30 limited liability company has converted and shall be the property of such other entity or business  
31 form, and the title to any real property vested by deed or otherwise in such limited liability  
32 company shall not revert to such limited liability company or be in any way impaired by reason  
33 of this chapter; but all rights of creditors and all liens upon any property of such limited liability  
34 company shall be preserved unimpaired, and all debts, liabilities, and duties of the limited

1 liability company that has converted shall remain attached to the other entity or business form to  
2 which such limited liability company has converted, and may be enforced against it to the same  
3 extent as if said debts, liabilities, and duties had originally been incurred or contracted by it in its  
4 capacity as such other entity or business form. The rights, privileges, powers, and interests in  
5 property of the limited liability company that has converted, as well as the debts, liabilities, and  
6 duties of such limited liability company, shall not be deemed, as a consequence of the conversion,  
7 to have been transferred to the other entity or business form to which such limited liability  
8 company has converted for any purpose of the laws of the state of Rhode Island.

9 **7-16-8. Filing.**

10 (a) The secretary of state may not accept for filing any document under this chapter that  
11 does not conform with law.

12 (b) The secretary of state may not accept for filing any organizational document,  
13 qualification, registration, change of resident agent report, service of process, notice, or other  
14 document until all required filing and other fees have been paid to the secretary of state.

15 (c) The secretary of state may not accept for filing any article of dissolution, cancellation  
16 of registration, or article of merger, ~~unless the surviving entity is a domestic entity of record with~~  
17 ~~the office of the secretary of state, or the reinstatement of a limited liability company's certificate~~  
18 ~~of organization or registration~~ until all required filing and other fees have been paid to the  
19 secretary of state and all fees and taxes have been paid, ~~as evidenced by an appropriate certificate~~  
20 ~~of good standing issued by the Rhode Island division of taxation.~~

21 (d) The secretary of state may not accept for filing the reinstatement of a limited liability  
22 company's certificate of organization or registration until all required filing and other fees have  
23 been paid to the secretary of state and all fees and taxes have been paid, as evidenced by an  
24 appropriate certificate of good standing issued by the division of taxation.

25 ~~(d)(e)~~ (e) The secretary of state may not accept for filing a certificate of conversion to a non-  
26 Rhode Island entity until all required filing and other fees have been paid to the secretary of state  
27 and all fees and taxes have been paid, ~~as evidenced by an appropriate certificate of good standing~~  
28 ~~issued by the Rhode Island division of taxation.~~

29 ~~(e)(f)~~ (f) When the secretary of state accepts the articles of organization or a certificate of  
30 registration or any other document filed under this chapter, the secretary of state shall:

- 31 (1) Endorse on the document the date and time of its acceptance for filing;  
32 (2) Promptly file the document; and  
33 (3) Issue a certificate or other evidence that establishes:  
34 (i) That the document was accepted for filing by the secretary of state; and

1 (ii) The date and time of the acceptance for filing.

2 ~~(g)~~ The document becomes effective upon the issuance of the certificate or other  
3 evidence or at any later date that is set forth within the document, not more than thirty (30) days  
4 after the filing of such document.

5 **7-16-41. Revocation of certificate of organization or certificate of registration.**

6 (a) The certificate of organization or certificate of registration of a limited liability  
7 company may be revoked by the secretary of state on the conditions prescribed in this section  
8 when it is established that:

9 (1) The limited liability company procured its articles of organization through fraud;

10 (2) The limited liability company has continued to exceed or abuse the authority  
11 conferred upon it by law;

12 (3) The limited liability company has failed to file its annual report within the time  
13 required by this chapter, or has failed to pay any required fees to the secretary of state when they  
14 have become due and payable, or the secretary of state has received notice from the division of  
15 taxation, in accordance with §7-16-67.1, that the limited liability company has failed to pay any  
16 fees or taxes due this state, ~~when they have become due and payable;~~

17 (4) The limited liability company has failed for thirty (30) days to appoint and maintain a  
18 resident agent in this state as required by this chapter;

19 (5) The limited liability company has failed, after change of its resident agent, to file in  
20 the office of the secretary of state a statement of the change as required by this chapter;

21 (6) The limited liability company has failed to file in the office of the secretary of state  
22 any amendment to its articles of organization or certificate of registration or any articles of  
23 dissolution, cancellation of registration, merger or consolidation as prescribed by this chapter; or

24 (7) A misrepresentation has been made of any material matter in any application, report,  
25 affidavit, or other document submitted by the limited liability company pursuant to this chapter.

26 (b) No certificate of organization or certificate of registration of a limited liability  
27 company shall be revoked by the secretary of state unless:

28 (1) The secretary of state shall have given the limited liability company notice thereof not  
29 less than sixty (60) days prior to such revocation ~~notice thereof~~ by regular mail addressed to the  
30 resident agent in this state on file with the secretary of state's office, which notice shall specify  
31 the basis for the revocation; provided, however, that if a prior mailing addressed to the address of  
32 the resident agent of the limited liability company in this state currently on file with the secretary  
33 of state's office has been returned ~~to the secretary of state~~ as undeliverable by the United States  
34 Postal Service for any reason, or if the revocation notice is returned as undeliverable ~~to the~~

1 ~~secretary of state's office~~ by the United States Postal Service for any reason, the secretary of state  
2 shall give notice as follows:

3 (i) To the limited liability company, domestic or foreign, at its principal office of record  
4 as shown in its most recent annual report, and no further notice shall be required; or

5 (ii) In the case of a limited liability company which has not yet filed an annual report,  
6 then to the domestic limited liability company at the principal office in the articles of organization  
7 or to the authorized person listed on the articles of organization, or to the foreign limited liability  
8 company at the office required to be maintained by the limited liability company in its state of  
9 organization, and no further notice shall be required; and

10 (2) The limited liability company fails prior to revocation to file the annual report, pay  
11 the fees or taxes, file the required statement of change of resident agent, file the articles of  
12 amendment or amendment to its registration or articles of dissolution, cancellation of registration,  
13 merger or consolidation, or correct the misrepresentation.

14 SECTION 3. Chapter 7-16 of the General Laws entitled "The Rhode Island Limited  
15 Liability Company Act" is hereby amended by adding thereto the following section:

16 **7-16-67.1. Revocation of articles or authority to transact business for nonpayment of**  
17 **fee.**

18 (a) The tax administrator may, after July 15 of each year, make up a list of all limited  
19 liability companies which have failed to pay the fee defined in §7-16-67 for one year after the fee  
20 became due and payable, and the failure is not the subject of a pending appeal. The tax  
21 administrator shall certify to the correctness of the list. Upon receipt of the certified list, the  
22 secretary of state may initiate revocation proceedings as defined in §7-16-41.

23 (b) With respect to any information provided by the division of taxation to the secretary  
24 of state pursuant to this chapter, the secretary of state, together with the employees or agents  
25 thereof, shall be subject to all state and federal tax confidentiality laws applying to the division of  
26 taxation and the officers, agents and employees thereof, and which restrict the acquisition, use,  
27 storage, dissemination or publication of confidential taxpayer data.

28 SECTION 4. Chapter 44-11 of the General Laws entitled "Business Corporation Tax" is  
29 hereby amended by adding thereto the following section:

30 **44-11-26.1. Revocation of articles or authority to transact business for nonpayment**  
31 **of tax.**

32 (a) The tax administrator may, after July 15 of each year, make up a list of all  
33 corporations which have failed to pay the corporate tax defined in §44-11-2 for one year after the  
34 tax became due and payable, and the failure is not the subject of a pending appeal. The tax

1 administrator shall certify to the correctness of the list. Upon receipt of the certified list, the  
2 secretary of state may initiate revocation proceedings as defined in §§7-1.2-1310 and 7-1.2-1414.

3 (b) With respect to any information provided by the division of taxation to the secretary  
4 of state pursuant to this chapter, the secretary of state, together with the employees or agents  
5 thereof, shall be subject to all state and federal tax confidentiality laws applying to the division of  
6 taxation and the officers, agents and employees thereof, and which restrict the acquisition, use,  
7 storage, dissemination or publication of confidential taxpayer data.

8 SECTION 5. The amendments to §§7-1.2-1310, 7- 1.2-1414 and 7-16-41, Section 3 and  
9 Section 4 of this act shall take effect on July 1, 2019. The amendments to §§7-1.2-1003, 7-1.2-  
10 1008, 7-1.2-1301, 7-1.2-1309, 7-1.2-1413, 7-16-5.2 and 7-16-8 shall take effect on July 1, 2020.

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LC001758/SUB A/2  
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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO CORPORATIONS, ASSOCIATIONS, AND PARTNERSHIPS

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1           This act would amend the Rhode Island business corporation act and the Rhode Island  
2 limited liability company act to require the tax administrator to file a public list of corporations  
3 and limited liability companies that have failed to pay required fees and taxes, and upon receipt of  
4 such list, the secretary of state may initiate applicable revocation proceedings. This act would also  
5 remove the requirement of obtaining a certificate of good standing from the division of taxation  
6 with respect to certain filing actions with the secretary of state.

7           The amendments to §§7-1.2-1310, 7- 1.2-1414 and 7-16-41, Section 3 and Section 4 of  
8 this act shall take effect on July 1, 2019. The amendments to §§7-1.2-1003, 7-1.2-1008, 7-1.2-  
9 1301, 7-1.2-1309, 7-1.2-1413, 7-16-5.2 and 7-16-8 shall take effect on July 1, 2020.

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